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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 002491

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STATE FOR SA/INS LONDON FOR POL - GURNEY NSC FOR MILLARD

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SUBJECT: NEPAL: SA A/S ROCCA'S MEETINGS WITH POLITICAL

PARTY LEADERS

REF: KATHMANDU 2298

Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5 (B,D).

SUMMARY

11. (C) In separate meetings with leaders of four political parties on December 18, Assistant Secretary for South Asian Affairs Christina Rocca, accompanied by Ambassador Malinowski, urged the need for reconciliation between the King and estranged political parties. With the exception of the Nepali Congress, each of the party leaders agreed that a rapprochement remains possible—with the head of the royalist National Democratic Party appearing the most optimistic—but that the King must take the initiative. Each contended that security has deteriorated since the King dismissed the last elected Prime Minister in October 2002, and expressed concern at reports of increased violence and human rights violations. No one committed to participating in the local and general elections announced by the Prime Minister last June. According to the leader of the Communist Party of Nepal — United Marxist Leninist (UML), the Maoists believe that they have the synpathy of most of the international community—minus the Americans. End summary.

# KING MUST MAKE THE FIRST MOVE

12. (C) In a series of separate meetings with leaders of four political parties on December 18, Assistant Secretary for South Asian Affairs Christina Rocca pressed the need for reconciliation and greater understanding between the parties and the King. All of the party representatives agreed on the importance of greater political unity against the Maoists, but each indicated that the initiative must come from the King himself. Accompanied by the Ambassador and Pol/Econ Chief, A/S Rocca met with Nepali Congress (Democratic) President and former Prime Minister Sher Bahadur Deuba; Communist Party of Nepal - United Marxist Leninist (UML) General Secretary Madhav Kumar Nepal (who returned early from a trip to Bangkok in order to meet A/S Rocca); National Democratic Party (also known by its Nepali acronym RPP) Chairman Pashupati SJB Rana; and Nepali Congress (NC) General Secretary Sushil Koirala. Koirala was accompanied by Nepali

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Congress Central Committee member and former Finance Minister Dr. Ram Sharan Mahat. The pair were representing NC President and former Prime Minister G.P. Koirala, who was out of town.

- 13. (C) With all interlocutors, A/S Rocca underscored USG concern at the precarious condition of democracy in Nepal. Without political rapprochment between the parties and the Palace, a political settlement with the Maoists is unlikely, she cautioned. The present stalemate has grave implications for stability, democracy, and prospects for peace, she said. The USG, as a friendly nation with Nepal's best interests at heart, wants to encourage the parties and Palace to unite in consensus against the Maoist threat.
- 14. (C) Nepali Congress (Democratic) President Deuba told A/S Rocca that he believes that the political parties are willing to reconcile with the King, but are awaiting an initial gesture from the Palace. He proposed giving the King three options: either establish an all-party government; reinstate the former Parliament; or reinstate Deuba as Prime Minister. In order to approach the King, however, the parties must be able to "read his mind," Deuba concluded glumly. When asked for his views of the elections announced by Prime Minister Surya Bahadur Thapa, Deuba replied that he would neither oppose or support the polls. While blasting the King as "anti-democratic," UML General Secretary Nepal indicated some scope for greater understanding between his party and the Palace.

(C) RPP Chairman Rana said that his party had decided to call for PM (and RPP member) Thapa's resignation because it disagreed with his "focus on a military solution" to the insurgency and because he had not consulted with the party before announcing elections. The party's move has been a "catalyst" to move the King to consider replacing Thapa, Rana claimed, noting that the monarch, beginning with "some political heavyweights from the past" (the partyless Panchayat regime), has already started meeting political leaders. The King will likely begin meeting mainstream party leaders by the following week, Rana suggested. (Note: Representatives of each of the other three parties said that they had not been in direct contact with the King since June. End note.) The leaders of the three largest political parties, however, have to realize that they must make compromises in the interests of reconciliation, Rana noted, including curbing their own individual desires to be appointed Prime Minister in Thapa's stead. Nepali Congress representatives Koirala and Mahat appeared the most inflexible, charging that the King "doesn't seem interested in reconciliation" and declaring that in the absence of take to the streets." Noting that none of the current Cabinet had succeeded in winning a seat in the last Parliamentary elections, Koirala and Mahat charged that any elections held under the current government would surely be rigged. Mahat urged the USG to consider withholding some assistance to the GON to increase pressure on the King to restore democracy.

# SECURITY SITUATION GRIMMER

(C) All interlocutors agreed that the security situation had deteriorated since the King dismissed then-Prime Minister Deuba in October 2002. Deuba contrasted his own record during the 13 months of his tenure--passing important legislation to control corruption, to expand women's inheritance rights, and to set up commissions to promote the rights of women and members of the lower castes—with the lackluster records of the two governments of PMs Chand and Thapa, whom the King had appointed with a specific mandate to hold elections and restore stability. During his time as PM, the Maoists were active in only 30 districts, Deuba charged; since his dismissal their influence has spread to all 75. When he traveled as PM to the EU to seek support against the Maoists, he gained it, he declared; now, citing human rights concerns and the suspension of democracy, the EU has grown more critical of the government. UML General Secretary Nepal described the human rights situation as "alarming," asserting that the Army's heavy-handedness will only succeed in driving more people away from the government. There is no evidence to support Royal Nepal Army (RNA) leadership claims it has weakened the Maoists, Nepal averred. Instead, the Maoists' ever-expanding presence in the countryside has limited the RNA to patrolling only in and around district headquarters. The Maoists, on the other hand, feel bolder. Citing his November 20 discussion in Lucknow with Maoist leader Prachanda (Reftel), Nepal said that the Maoists believe they are winning, and can continue to fight the Government of Nepal (GON) for a hundred years. Rana noted that the Maoists control more territory than ever before and commented with dismay on a "much more generalized human rights problem." The Maoists and the King share the same anti-democratic views, Mahat and Koirala of the Nepali Congress charged, and are thus "complementing each other." Mahat claimed that the number of armed Maoists rose from 15,000 to 50,000 during the negotiations held after the King dismissed Deuba. While we question both the accuracy and source of these statistics, the Maoists clearly used the ceasefire to build up their strength. End note.)

### MADHAV MEETS THE MAOISTS

(C) Reporting on his November 20 meeting with Maoist leaders in Lucknow (Reftel), UML General Secretary Nepal described the insurgents as confident of ultimate victory. (The Maoists did not appear at all concerned for their own safety and security in India, Nepal noted with a chuckle.)
While the insurgents believe they cannot be defeated by the While the insurgents believe they cannot be defeated by the RNA, they also recognize that they cannot sustain control over the whole country--primarily because of "adverse reaction" from the international community, Nepal reported. Describing "the EU and Scandinavian countries" as "sympathetic" to the Maoist cause and discounting India and China as "not a problem," Maoist leader Prachanda reportedly asked Nepal why the U.S. alone remains "unconvoinced." Nepal and the responded by siting the insurgents' violent behavior said he responded by citing the insurgents' violent behavior as the main reason behind U.S. antipathy. Prachanda reportedly dismissed the violent excesses reported in the local press as aberrations from officially sanctioned Maoist policy. Nepal said he told the insurgents that if they lay down their arms and change their ideological demand for a one-party state--and if the King continues to refuse to compromise with the parties--the Maosits might win support from other democratic political parties. He was unable, however, to convince the Maoists of the need to renounce violence. The insurgent leaders did not utter any threats against U.S. citizens or interests during the meeting, Nepal

<u>¶</u>8. (C) The other three political leaders were unanimously critical of Nepal for meeting the Maoists after the GON had designated them as terrorists. Noting that the Indian government has been embarrassed by the publicity surrounding Nepal's meeting, Rana speculated that by allowing the meeting to take place, the GOI was "trying to pass the message (to the King) that its preference for democracy cannot be ignored." Although the Indians had been "playing the Maoists like a card" against the GON, India's comfortable relations with the Maoists may be coming to a "different juncture" now that the insurgents have increased their activities along the Indian border. "India's ability to use the Maoists will be limited by (its) own security concerns," he concluded.

# COMMENT

- (C) All of our interlocutors seemed genuinely dismayed at the current state of affairs, and all hopeful of some kind of resolution. The political parties seem willing to accept a compromise with the King, but are awaiting the first overture from the Palace. The King's plan to begin contacting the political leaders (septel) may offer a start. For this initiative to succeed, however, both sides must be prepared to compromise more than is customary or comfortable We will continue to urge that the best interests for either. of the nation require both the Palace and the parties to do
- 110. (U) A/S Rocca has cleared this message.

MALINOWSKI